

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2007-0065**

CONSIDERATION OF A RESOLUTION APPROVING A STATE REVOLVING FUND (SRF)
LOAN TO CITY OF CHICO (CITY) FOR CONSTRUCTION OF THE WATER POLLUTION
CONTROL PLANT (WPCP) 12-MGD EXPANSION PROJECT – PHASE 1 (PROJECT);
SRF LOAN PROJECT NO. C-06-4997-110

WHEREAS:

1. The State Water Resources Control Board (State Water Board), on February 16, 1995, adopted the *"Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities,"* and amended it on July 17, 2007;
2. The State Water Board, on September 4, 2007, adopted the State Fiscal Year 2007/2008 SRF Loan Program Priority List which included the City's Project in Priority Class A;
3. The Division of Financial Assistance (Division) has approved the Facility Plan for the City's Project on September 17, 2007, and the City agreed with the approval on September 19, 2007;
4. The City provided a Draft Revenue Program on November 29, 2005, and supplemental documents dated April 6, 2007, to meet the SRF Financial Plan Requirements. Division staff approved the Draft Revenue Plan on April 26, 2007. The City submitted a certified Resolution No. 49-06 specifically dedicating water pollution control plant capacity fees, monthly sewer service fees, and trunkline capacity fees as a source of revenue for repayment of this SRF Loan, and Resolution No. 48-06 establishing a Wastewater Capital Reserve Fund;
5. The City prepared an Environmental Impact Report (EIR) for its proposed Project (SCH No. 2004022111);
6. On October 18, 2005, the City certified the EIR, approved the Project, and adopted a Mitigation and Monitoring Plan and a Statement of Overriding Considerations for the Project. The City filed a Notice of Determination with the Governor's Office of Planning and Research on October 20, 2005, and with the Butte County Clerk on October 24, 2005;
7. The City adopted a Statement of Overriding Considerations to substantiate its decision to approve the Project despite significant unavoidable impacts on the Sacramento River from mercury, and to growth inducement in the City resulting from the expansion of the Water Pollution Control Plant (WPCP);

8. The State Water Board finds that the following specific economic, social, technological, and environmental benefits of the Project outweigh the unavoidable adverse environmental impacts:
 - a. Approval of the Project will allow the City to implement its General Plan and provide for anticipated growth, including the provision of housing;
 - b. Expansion of the WPCP is necessary to avoid further nitrate contamination of groundwater caused by existing septic systems;
 - c. The Project will enable the City to continue to meet its NPDES permit requirements for discharge of effluent into the Sacramento River; and
 - d. The creation of wetland habitat in an area currently used as emergency storage ponds will provide long-term benefits for wildlife.
9. State Water Board staff have reviewed and considered the EIR and applicable environmental documents and have determined that the Project will not result in any additional significant adverse water quality impacts; and
10. The following Special Conditions are applicable to the Project:
 - USFWS issued a Biological Opinion (BO) for the Project. The BO includes reasonable and prudent measures necessary and appropriate to minimize adverse Project effects on the giant garter snake. The City will have to comply with USFWS' non-discretionary terms and conditions, which implement the reasonable and prudent measures. The terms and conditions from USFWS will be included as special conditions in exhibit D of the City's SRF Loan contract and can also be found in the BO.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves a SRF Preliminary Loan Commitment of \$40.8 million for the City's Project, with a repayment period of 20 years, and the first repayment due one year after completion of construction of the Project;
2. Includes a condition that this SRF Preliminary Loan Commitment will expire if the City does not sign the SRF Loan Agreement by September 30, 2008. The Division has the discretion to approve up to a 90-day extension for good cause, without further action by the State Water Board;
3. Directs the Division to allocate \$40.8 million consistent with the construction schedule and availability of funds; and

4. Directs the Division to include special conditions in the SRF Loan Agreement addressing the above-mentioned special conditions.

CERTIFICATION

The undersigned, Acting Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on December 4, 2007.

AYE: Tam M. Doduc
 Gary Wolff, P.E., Ph.D.
 Arthur G. Baggett, Jr.
 Charles R. Hoppin
 Frances Spivy-Weber

NO: None

ABSTAIN: None



Jeanine Townsend
Acting Clerk to the Board